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July 25, 2002

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**RE: Safeco Insurance Company of America v.
Joacquin DeMatos, Donna DeMatos and Maria DeMatos
Civil Action No. 02-2899 (E.D. Pa.)**

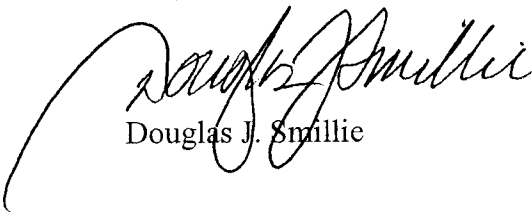
Dear Kevin:

As we discussed, I was on vacation during the week of July 8, 2002 when the Plaintiff's First Amended Complaint was received at my office. Therefore, I require a brief extension of time within which to file an Answer to the First Amended Complaint. I expect to be able to accomplish this by July 31, 2002 at the latest. If this presents any problems, please give me a call at your earliest convenience.

In addition, I have just forwarded your letter to my clients and will discuss with them Safeco's requests for financial information and the establishment of a "escrow" account. I am aware that the Court has recently entered an Order requiring that you and I conduct a conference, and hope that we can address the issues raised in your letter of July 8, 2002 at that time.

If you have any questions or comments in the interim, please let me know.

Very truly yours,


Douglas J. Smillie

DJS/kl

EXHIBIT A